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The newspaper of drug store retailing

August 26, 1991

DRUG STORE NEWS

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LATE NEWS

•CINCINNATI — Michael Wildermuth has left Kroger Co. as manager of pharmacy services to join National Health Screening Corp. Third-party manager Roger Fogle will assume some of his duties.

•TWINSBURG, Ohio — Revco D.S. will host a two-day Health and Beauty Expo at the Scope Convention Center in Norfolk, Va. Oct. 18 and 19.

FEATURES

Books and mags hit by recession

Periodicals are still a major traffic draw for chains even though they have been hit hard by the recession. Page 11.

Quality drives store brands

Gallup study commissioned by PLMA gives valuable insights into private label buying habits. Page 18.

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Giant preps Super G deep discount

SUMMARY: Giant Food says make way for Super G, its new deep discount store coming soon to Salisbury, Md. First, the savvy combo operator is softening the market with an HBA price war throughout Greater D.C.

By Ken Rankin

LANDOVER, Md. — Giant Food has launched an aggressive campaign to intensify HBA price competition in the Washington-Baltimore markets—a move that could propel the feisty supermarket chain headlong into the deep discount drug store business.

The first stage of Giant's drive was announced late last month when officials at the chain announced across-the-board price reductions on thousands of HBA products at its 104 food-pharmacy combo stores, 49 food-only outlets, and two freestanding drug stores.

Then earlier this month, Giant dropped the second shoe by confirming reports that the company was planning a new spinoff chain of Super G Discount Drug Stores—off-price specialty units designed to compete head-on with such deep discounters as Drug Emporium and F&M.

The prototype for Giant's new Super G operation is expected to surface in Salisbury, Md. late this year or early in 1992. Company officials describe the discount drug operation as a "test," but there have been reports that the Salisbury prototype could spawn a subchain of such outlets.

"This is a logical outgrowth of our longstanding commitment to pharmacy operations as a key part of the Giant Food Co.," Barry Scher, vp-public affairs told *Drug Store News*.

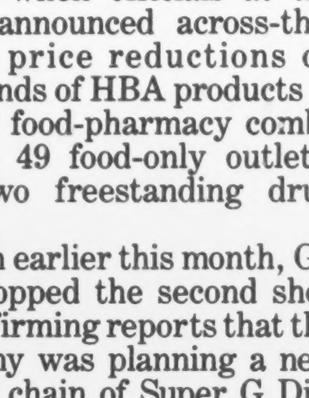
While details of the Super G concept have not yet been released, indications are the 26,000-square-foot prototype will not be patterned after the chain's existing pair of freestanding drug stores.

Although Peoples, Rite Aid and other entrenched drug chains in Giant's market area will have time to ponder the significance of Super G, they're under pressure to respond to the chain's HBA price cutting initiative immediately.

In announcing the new strategy, company officials said the new "everyday discount pricing program" for HBA will allow Giant to "maintain its current customer base as well as attract new customers and sales volume in the face of an increasingly competitive retail environment."

Yingling named Thrifty Corp. ceo

SUMMARY: Veteran grocery operator William Yingling brings the savvy of a veteran mass merchandiser to a rebuilt team at Thrifty Corp. As chairman and ceo with special responsibility for struggling Thrifty Drug, Yingling will be challenged in the crowded L.A. market.



Yingling

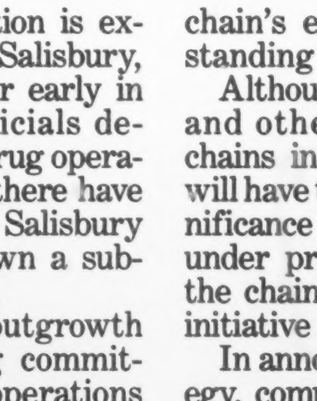
By David Vaczek

LOS ANGELES — Pacific Enterprises has recruited William Yingling, the former president of the Southern California Lucky Stores, to be chairman and ceo of its Thrifty Corp. retail division.

Yingling's strengths in food and drug mass merchandising are most needed at struggling Thrifty Drug. Yingling, 47, will directly oversee the 625-store chain, as Eve Rich,

See **Yingling** *page 21*

Schiff joins Albertson's as senior vp non-foods



Schiff

BOISE, Idaho — Former Pay Less Drug Stores president and ceo Ron Schiff has joined Albertson's as senior vp of non-foods merchandising.

Schiff, 53, will head up operations of all non-foods merchandising functions for the combo store giant, including pharmacy, liquor and drug/general merchandise. He will report directly to president and chief operating officer John Carley.

The position is a new one for Albertson's, and it indicates "a greater commitment to food/drug combination stores," according to a company spokesman. Neither Schiff nor Albertson's chief executive Gary Michael could be reached for comment.

Schiff is a 31-year veteran of chain drug retailing who built his career at Pay Less. He rose through the operating ranks at the Wilsonville, Ore.-based chain, gaining the No. 2 spot as executive vp under former chairman Ed Hart and, in 1989, becoming president following Hart's retirement. He was replaced by new Pay Less ceo Tim McA-

See **Schiff** *page 21*

Kmart's new pharmacy strategy taking shape

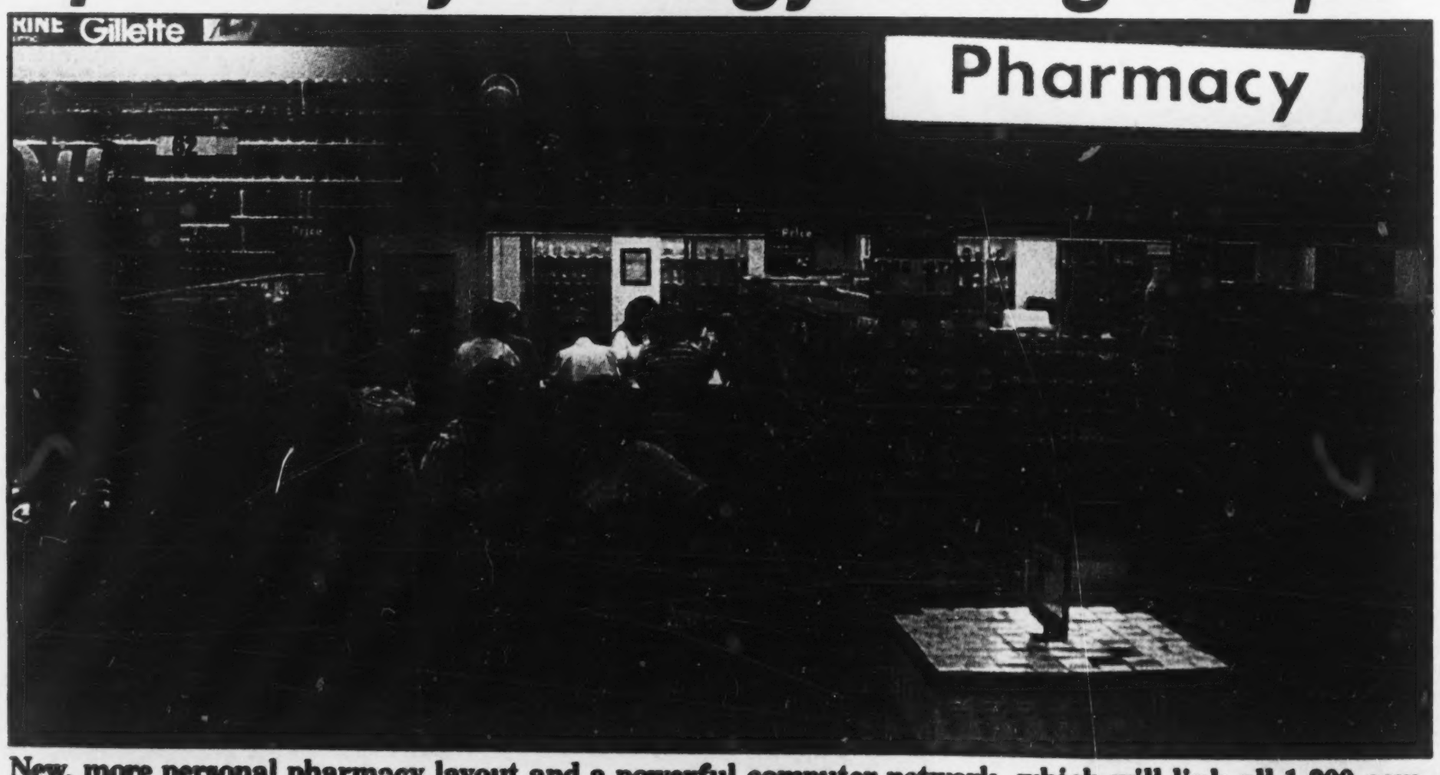
Summary: Kmart's new Super Center prototype signals the giant retailer's determination to be a major force in all three classes of mass marketing: drug, food and general merchandise. The store shows off a vastly improved pharmacy operation and more than 45,000 square feet of food.

By James Frederick

MEDINA, Ohio — Kmart Corp.'s new Kmart Super Center format is clear proof that the discount giant has big plans for its pharmacy business.

The Super Center prototype drew throngs of shoppers from this fast-growing community south of Cleveland for its July 25 grand opening. The 148,000-square-foot store combines the

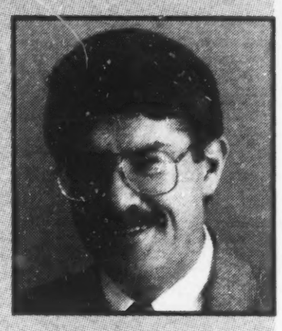
See **Kmart** *page 21*



New, more personal pharmacy layout and a powerful computer network, which will link all 1,300 company pharmacies, are making Kmart a staunch Rx competitor.

NEWS IN BRIEF

McK names partnering vp



Terry Burnside

SAN FRANCISCO — Saying it reflects the increased importance the company places on vendor relationships, McKesson Drug announced it has created a new position, vp-supplier partnering, and has named Terry Burnside to the post. Burnside will report to Fred Toney, senior vp-merchandising and purchasing supplier partnerships.

Burnside joined the giant wholesaler three years ago as private label products manager and was promoted last year to vp-business development in the service merchandising division. Prior to joining McKesson, he was with the northern California division of American Stores for 13 years and served as director of marketing.

Fox moves to Keystone

Donald Fox

OMAHA, Neb. — Donald Fox, former president and chief operating officer of Perry Drug Stores, has joined Keystone/ Medicine Chest Drugs as president, said ceo Manny Goldberg.

Goldberg said that Fox's executive experience will be valuable in driving aggressive five-year expansion plans at the 14-unit chains of drug and home health care stores.

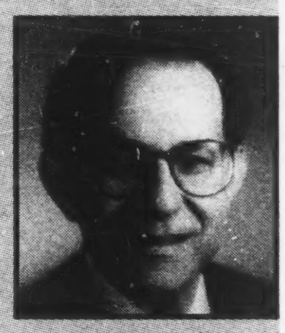
SGC sells Purity Supreme

WOODBRIDGE, N.J. — Pathmark supermarket and drug store operator Supermarkets General said it is selling its Purity Supreme division to Freeman Spogli & Co., a Los Angeles merchant banking firm.

With $1.3 billion in revenue, Purity Supreme has 64 supermarkets and 63 Li'l Peach convenience stores, according to SGC executive Harvey Gutman.

The sale helps SGC relieve a debt load under which it has struggled since it went into an LBO in the late 1980s. The price tag is $244 million in cash and stock plus the transfer of $56 million debt. SGC will retain a 6.5 percent equity interest in the chain.

Jack Robinson gets awards



Jack Robinson

SOUTHFIELD, Mich. — Jack Robinson, chairman and ceo of Perry Drug Stores, will receive the Great American Traditions Award, the highest honor bestowed by the B'nai B'rith Foundation of the United States, at a dinner Nov. 19 at the Westin Hotel, Renaissance Center, Detroit.

In September, Robinson will also be awarded the Fred M. Butzel Memorial Award for Distinguished Community Service by the Jewish Federation of Metropolitan Detroit.

Eco Expo set for September 6-8

NEW YORK — Water filters; non-toxic cleaning products; water-saving showerheads; energy-saving appliances, lightbulbs and batteries; recycled plastic and paper products; and more will be showcased at Eco Expo, scheduled here Sept. 6-8 at the Jacob Javits Convention Center.

Show hours are 10 a.m. to 7 p.m., with $15 tickets on sale at the door. There will be 200 exhibitors and a wide range of speakers, seminars and displays, plus special environment-education areas and activities for children.

IN THIS ISSUE

FEATURES

Private Label Study 18

GENERAL MERCHANDISE

Books and Magazines 11

COSMETICS AND FRAGRANCES

Beauty Beat 17

DEPARTMENTS

Opinion 4
In the Market 4
The Human Side 4
Environmental News 9
People in the News 8
Product Updates 15
Finance 22
Supplier News 10

Difiglia, cosmetician, puts fresh face on the elderly

By Susan Ball

Randi Difiglia, a cosmetician at Genovese, makes up Helen, 73, at the Center for Extended Care and Rehabilitation, North Shore Hospital, Manhasset, N.Y.

NEW YORK — Picture windows let the bright June sun fill the dining room of the Center for Extended Care and Rehabilitation at North Shore Hospital in Manhasset, Long Island. About 25 men and women, mostly elderly and many in wheelchairs, are gathered there, waiting quietly.

Randi Difiglia, 27, an oasis of color in her pretty flowered dress, bustles in, sets her case full of makeup on a table near the windows and introduces herself with a beaming smile.

She tells them she's a cosmetician at a Genovese drug store and introduces store manager Jim Halleran, who has come along to help carry stuff and watch. She's come to do makeovers.

Laying out her jars, bottles and brushes, she asks, "Who'd like to be first?"

No shyness here. Fannie, 82, wheels herself up and tilts her face to Randi.

As she works, Randi provides a running commentary, loudly enough for the group to hear, of what she's doing.

"First, we'll apply a little foundation—very little—and light powder."

She steps back appraisingly.

"Let's put some pink on you," she says as she applies blush. "You like pinks, don't you?"

"Um-hmm," Fannie smiles, careful to keep her head still.

"You have very small eyelids. That's good!" Randi says, eyeshadow palette in hand. "Let's take a little bit of gold . . ." She pauses.

"Open?" (Fannie opens her eyes.) "That's pretty," Randi pronounces.

"Next, a little lipstick."

Someone in the group asks how to keep lipstick on all day, without fading.

"Baby powder," Randi says. "Before and after you put on your lipstick."

"Are you ready to see yourself?" the cosmetician asks, handing Fannie a mirror.

Fannie peers in the glass and her face lights up. Everybody claps.

Randi gives Fannie a small bag of perfume and body lotion samples, wrapped in pink cellophane and ribbon. (Everyone will get these little gifts, which Genovese provides and Randi wraps.)

Next up is Mae, 85, who Randi decides doesn't need foundation, but just a little blush, lipstick and powder.

"I look like a monkey," Mae jokes.

"Oh, will you stop," Randi quips right back. "I don't do monkeys."

Randi continues to apply makeup, joke around, give cosmetic tips. Each makeover draws claps and compliments. An elderly lady starts singing "Let Me Call You Sweetheart." Before long, others chime in.

Two hours and about 10 makeovers later, Randi calls it quits. The residents murmur thank-yous as they leave.

"Last time, I did 25 people. My back hurt," Randi says as she packs up.

"Last time" was a nursing home, and before that, it was a rehab center for addicts.

Randi, who has worked for Genovese about six months, has been doing this voluntarily off and on for years, using her own makeup, making her own arrangements. It started when she was visiting her husband's grandfather in a nursing home and noticed the women residents. "They looked depressed," Randi recalls. "They had nothing to look forward to."

On impulse, Randi started spraying the ladies' wrists and shoulders with perfume she had in her purse. "The look on their faces. Fantastic!"

She continues, "I go when I can. They tease me, I tease them. I tell them what I'm applying, give them a little bit of attention. After the first two or three makeovers, they don't listen anymore. They start talking and arguing." She laughs.

"I think, when they're this old, they deserve the best treatment, you know?"

"I get a kick out of it. I love old people!"

F&M names regional vice presidents

Timothy Gower

WARREN, Mich. — F&M Distributors has promoted Timothy Gower to regional vp-store operations, in charge of stores in Michigan, Ohio and East Coast markets in Virginia, Washington, D.C. and Massachusetts. At the same time, the company has named former vp-store operations Michael Micallef regional vp in charge of the western group of stores in Illinois, Indiana, Minnesota and Wisconsin.

Both men will report directly to company president and chief executive Frank Newman.

The regional vp position is a new one, and reflects the off-price chain's rapidly growing geographic reach and complexity. F&M now operates 100 stores in nine states, and last year broke $700 million in sales.

"Mike and Tim are splitting responsibilities as regional heads for all the stores," explained Janita Gaulzetti, a spokesperson for F&M.

Another F&M spokesperson said Gower's appointment and the creation of the new post were related to the chain's growing East Coast expansion, including its upcoming move into the Boston market. F&M will open four stores in metro Boston beginning this fall.

Gower, at F&M four years, has served as store manager, area manager and regional manager. His old post of regional manager is being eliminated, said a company source.

A diamond is a chain's best friend

IN THE MARKET
BRUCE BUCKLEY

Whatta rock!

I mean a gem, a perfectly faceted, virtually flawless, one-carat sparkler that fits the finger like a glove. I don't know why, but a diamond is what came to mind when I thought about Carls Drug.

There have been a bunch of acquisitions over the past few years in the chain drug industry, but few seem as perfectly matched as the recently completed marriage of the Syracuse-based Fay's drug chain and its smaller Rome, N.Y., cousin, Carls.

I use the word cousin, rather than neighbor, deliberately because the two chains spring from the same Panasci family roots. Henry Panasci once worked as a pharmacist for his uncle Carl Panasci, for whom Carls is named.

But the merger is much more than the story of family ties renewed. It's the story of growth and promise for Fay's in a relatively static period for retailers in general and chain drug companies in particular. For the most part, real estate developers have been sitting on sidelines, taking a breather; the once overflowing stream of potential sites has shrunk to a trickle.

For Fay's—a Northeastern powerhouse before the acquisition, with 199 drug stores in New York and Pennsylvania—the 43 new Carls stores represent at least two years of growth at about 10 percent per year. But few chains are achieving 10 percent growth in the currently stagnant real estate climate, and many are not growing at all.

Thus, a 20 percent expansion spurt coming on top of Fay's existing store development plans is phenomenal. The Carls stores represent an even better opportunity than most. As a group, they're mature, contributing $100 million in sales right out of the gate. As they begin to reap the benefits of Fay's strong hand in operations and merchandising, their per-store sales average is certain to begin to approach the current $3.4 million generated by a mature Fay's drug store.

Carls stores also fill in gaps in Fay's market strongholds in upstate New York, and thus fit in quite neatly under their parent's advertising and distribution umbrella. What's more, their size is compatible with Fay's merchandise mix. Finally, they come supplied with experienced store personnel. Who could ask for more?

Real estate developers have been sitting on the sidelines, taking a breather; the once overflowing stream of retail sites has shrunk to a trickle.

The acquired stores already sport the Fay's logo and feature its merchandise mix, but when the remake is total and when all the stores are equipped with Fay's new POS scanning system, the result is going to be dynamic.

Diamonds may or may not be forever, but they can certainly cause a lot of excitement for now.

Listening to the elderly has its rewards

THE HUMAN SIDE
AL HELLER

Rebecca C. is a frail 82-year-old pharmacy customer in Daviess County, Ky. She has grown hard of hearing in recent years—enough to warrant purchase of a $400 hearing aid last year. But since her less-than-nimble fingers couldn't deftly maneuver the battery door, that broke off the hinge. And since her straining eyes couldn't read the engraving on the miniature battery, that was never replaced.

These problems, plus a hard-to-overcome sensitivity about being hard of hearing, caused her to cope without using the hearing aid until her daughter visited from New York this spring. The daughter, Elizabeth, grew hoarse repeating herself and shouting to be heard. Determined to get her mom communicating freely, Elizabeth marched her off to an audiologist, hearing aid in hand.

Dr. Etienne, the audiologist, had been promoting a new, more flexible hearing aid. Rebecca and Elizabeth were prepared to invest in another unit, reasoning that it would be worth the outlay, if mom would be more disposed to use it. Etienne instead repaired the old hearing aid and, speaking slowly and distinctly, gave mom tips on how to use and maintain it. Mother and daughter were ecstatic.

Rebecca visited New York this summer, in part to see another doctor about another medical problem. The day before this appointment, the battery "squeaked and died," said Elizabeth.

Concerned that her mother wouldn't be able to hear the doctor the next day, Elizabeth went to her local chain drug store to buy more batteries, but the pharmacist said the numbers on mom's battery didn't correspond to the batteries in stock.

At 11 p.m., Elizabeth was on the phone with a Walgreens store manager in nearby Yonkers, who said he carried about 15 specialty batteries and if she came to the store he'd help her find the correct replacement cell.

Elizabeth's husband persuaded her not to make a late-night trip, reasoning that all chains probably sold the same kinds of batteries.

The next morning, Elizabeth, still worried, left the doctor's waiting room, hearing aid in hand, and scurried across the street to Schoonmaker Medical Pharmacy, an independent in Scarsdale.

Once again, a pharmacist took the time to examine his battery assortment, going so far as to open a package he thought contained an equivalent cell. (Battery makers, take note.) He was right, and within minutes, mom's ear was turned on.

"It's so easy to think that elderly people's minds wander, but they can understand so much when they can HEAR you," said Elizabeth, who admitted "talking around, across and over her (mom) because she wasn't participating in the conversation."

Elderly customers may not be the loudest or buy the most, but they are the demographic group of the future for retailers. And they can teach us all a few lessons—if we will only listen.

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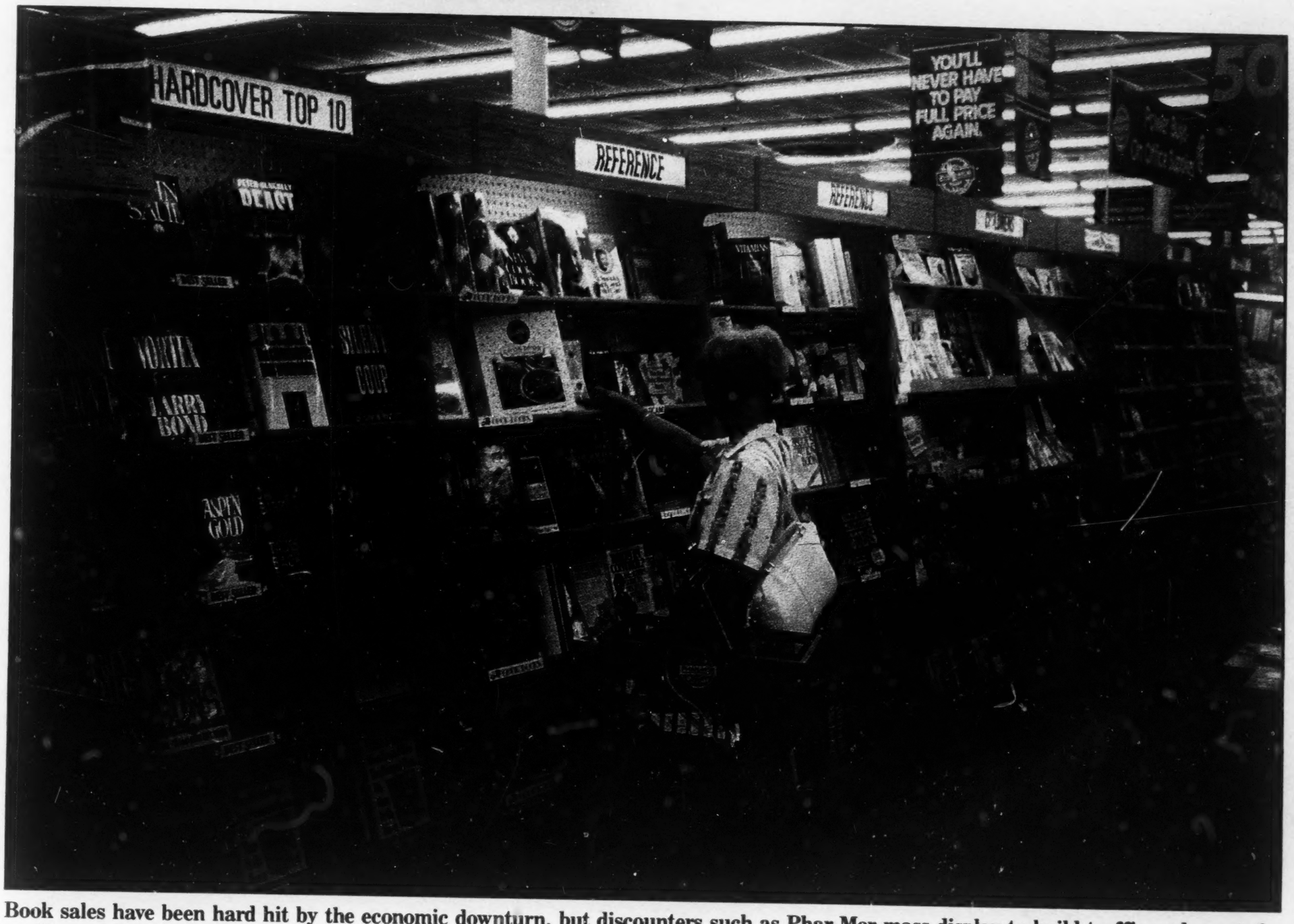
The RDAs and per-pocket payments Rite Aid gets from its vendors help to smooth out unpredictable patches of the magazine business and bolster margins.



Book sales have been hard hit by the economic downturn, but discounters such as Phar-Mor mass display to build traffic and court the reading public with extra value.

Books and magazines feel recession's punch

SUMMARY: The market for paperback books and magazines went into a tailspin late last year, feeling the brunt of the economic downturn. Nevertheless, periodicals represent a major traffic draw in chain drug outlets and a source of almost guaranteed return on investment. What's more, some successful startup publications have created some bright spots.

By James Frederick

The recession hasn't been kind to the book and magazine industries. Single-copy sales of periodicals were off significantly in 1990 and early 1991, and hundreds of publications folded or were merged with rivals.

Although the $3.6 billion in retail sales racked up by magazines last year would have looked good back in the mid-1980s, it marked a 4.1 percent decline in revenues from the industry's record-setting level of 1989. And if it hadn't been for a strong first half, the 1990 decline would have been far worse: second-half sales were off a whopping 9.3 percent in dollars and 9.8 percent in units versus the year earlier.

For paperback books, the story was even worse. Paperback book sales were off 10.9 percent in dollars last year, to $2.11 billion, and off a startling 17.4 percent in units, to 440 million retail copies sold.

The downturn tightened the spigot on new publications, as well. According to the Magazine Publishers of America, 536 new magazines debuted in 1990. That's 63 titles fewer than the number introduced the previous year. The survival rate for those 1989 rollouts has been 50 percent or less, the industry group reports.

The slackoff in demand—combined with the magazine glut that now chokes the market with roughly 4,000 titles—has claimed both new and old victims. Among the publications that have disappeared are newcomers like *Men's Life*, *Memories and Fame*; older titles like *New England Monthly* and *Business Month* also bit the dust. Other magazines have merged to survive, including *M* and *Manhattan Inc.* and several publications aimed at computer users.

Jack Fitzmaurice, president of the Periodicals Institute, laid the blame for the industry's troubles firmly at the door of the sour economy. "Quite apparently, the recession afflicting so many products, industries and services hit publications hard in the last half of 1990," he said. "Rising unemployment and lower household income threw up barriers to impulse sales, severely affecting magazines and books."

Booksellers weren't arguing the point. "Flat' appears to be the word for sales of rack-sized mass market books, now and for the foreseeable future," noted a dour Book Industry Study Group in its "Book Industry Trends" 1991 report.

Why, then, do chain drug and other mass retailers still rate books and magazines as essential to the mix? The reasons vary according to the objectives retailers have for the category, but they boil down to a few simple ones:

- Periodicals are steady, predictable performers that generate decent margins and turn rapidly—as much as 25 to 30 times a year.
- The guaranteed return policies offered by wholesale distributors eliminate much of the risk in carrying a plethora of titles. Retail display allowances (RDAs) and per-pocket allowances at the checkstand further cut the risk and pump up margins.

"The gross margins are pretty good, and they're items that you can turn," noted Sharon Schrage, book/magazines coordinator for Bill's Drugs in Benicia, Calif. "Magazines are good traffic builders, too."

Rite Aid book and magazine buyer Gerry Giardina concurs. "The industry as a whole has been really down, but the fact that we've expanded our [magazine] line . . . has been worthwhile for us."

Giardina says the RDAs and per-pocket payments Rite Aid gets from its vendors help to smooth out the unpredictable patches of the (magazine) business and bolster margins.

What's more, industry watchers see some light at the end of the tunnel for periodical sales. Fitzmaurice predicted a "slowing of the publications decline, with slight improvement possible toward the end of the year" for 1991 as the economy continued a slow, halting recovery.

Michael Pashby, vp-circulation for the Magazine Publishers of America, added that segments of the magazine market were thriving despite the overall downturn. Those segments include many niche-oriented publications appealing to diverse special interests, including fashion books for teens and some of the family-oriented publications. Some newer startups like *Victoria* and *Sassy* have made big strides in a short time.

Thus, the top 100 newsstand titles were down 9 percent in single-copy sales last year, according to the MPA, but the large group of smaller publications audited by the ABC were actually up 2 percent in retail sales.

Magazine and paperback sales slip

(Mass market sales of publications in millions)

	1990	1989	Percentage loss
Magazines			
Dollars	$3,566.8	$3,721.0*	– 4.1%
Units	2,412.7	2,539.6*	– 5.0
Paperback books			
Dollars	$2,110.6	$2,369.0	– 10.9%
Books	440.2	533.0*	– 17.4
Total publications			
Dollars	$5,677.4	$6,090.0*	– 6.8%
Units	2,852.9	3,072.6*	– 7.1

Periodicals Institute, Audit Bureau of Circulation and International Periodicals Distributors Association.
* Indicates restated figures

STORE BRANDS

Gallup study

Quality, savings drive private label purchases

Fay's uses extensive shelf signs to promote sharp private label prices during grand opening of converted Carls store in Rome, N.Y.

NEW YORK — A new study conducted by The Gallup Organization shows that 86 percent of 1,215 shoppers polled have bought a store brand at some time.

Those most likely ever to have made a private label purchase were men (slightly more likely), shoppers in the $25,000-$45,000 income bracket, brand switchers and shoppers with some college education.

However, the percentages were close: The study, commissioned by the Private Label Manufacturers Association, found that consumers in the below-$25,000 and above-$45,000 income brackets, and consumers with high school educations or less, were almost as likely to have bought a private label item.

One-third of those polled said they are buying more store-brand items today than they did a year ago, and one-fifth said they expect to buy more private label products next year, with about half of the latter group citing price savings as the key reason.

Gallup conducted phone interviews with a random national sample of 1,215 primary grocery shoppers or a household member who shared equally in that task.

Twelve percent of respondents said they buy private label items every time they shop, and 27 percent said they buy such items most of the time. The mean percentage of store-brand purchases made by respondents was 24.9 percent (when asked, "What percent of your grocery purchases are store brands?").

Those who indicated they bought a significantly higher than average percentage of private label items were blacks (35.1 percent), respondents who shop less than once a week (30.1 percent) and respondents who shop for grocery products at warehouse-type stores (34.05 percent).

The study found that the most important factor influencing shoppers to buy a store brand versus a nationally advertised brand was the perceived quality of the store brand. Seventy-five percent rated quality "very important," and 67 percent rated price "very important." The next-highest percentages, after quality and price, were "availability of store brands" (36 percent) and coupons (34 percent).

On the other end of the spectrum, among respondents who said they had never bought a private label item, the reason most often given (30 percent) was that they like name-brand items better and always buy name brands. Fifteen percent gave "poor quality of store brand" as the reason.

In the decision to repurchase a private label item, quality, again, was the factor that respondents rated highest (85 percent), again followed by price (73 percent). The store's guarantee of satisfaction was rated "very important" by 55 percent of respondents.

The Gallup poll identified four "cluster groups" among respondents, with regard to their attitudes to private label products. These clusters included "testers," "price/ quality orientation," "ambivalents" and "futures."

About one-fifth (21 percent) of respondents in the Gallup sample were found to fit the "price/quality" cluster. This group buys more store brand items than do the other three clusters and is greatly affected by the product's price. But while these shoppers believe that the higher the price, the better the quality (and the lower the price, the poorer the quality), this view has not negatively influenced their store brand purchases. The price/quality cluster buys more store brands (32 percent of their weekly shopping baskets) than any group, and 18 percent said they buy some store brands every time they shop.

"Testers" represent the smallest cluster group, as well as the lowest in income and youngest in age. But they are the second-greatest purchasers of store brands among the four clusters. Quality is their primary concern in trying and repurchasing store brands. They aren't particularly loyal to national brands and tend to be experimenters.

The "futures" cluster is also small, representing about 13 percent of the sample, and they are primarily male and from minority backgrounds. About 30 percent say they are buying more store brand items than a year ago. In addition, some of their responses indicate they have future private label-shopper potential, according to Gallup. (For example, this group believes that store-brand items usually perform as well as nationally advertised brands.)

The "ambivalent" cluster comprises by far the largest group, nearly 60 percent of the sample. They don't hold strong opinions about store brands, national brands or about shopping in general. They seek more product information, value quality over price and indicate they are more aware of private label brands than they were a year ago.

Near consensus on key private label attitudes	
93%	buy a product the first time for savings, but rebuy it only if quality measures up.
93%	would buy store-brand items more often if convinced the quality is equal to national brand.
88%	expect supermarkets and drug stores to carry their own store brands as well as national brands.
87%	recognize that nationally advertised brands usually cost more than private label because of advertising and packaging costs.
81%	would buy store brands more often if they were displayed more prominently.

Source: PLMA/Gallup.

Who's buying: This year vs. last year	
55%	are buying the same number of private label items this year as a year ago
33%	are buying more private label this year than last
11%	are buying fewer private label products this year than last
1%	don't know

Source: PLMA/Gallup.

Question: "Have you ever purchased a store brand item?"
86% said yes, including:
89% of males 86% of females
89% with some college or more 83% high school graduate 81% with less than high school education
90% income $25,000-$45,000 87% $45,000 or more 84% $25,000 or less
1,125 total respondents. Source: PLMA/Gallup.

The most important factor influencing shoppers to buy a store brand versus a nationally advertised brand was the perceived quality of the store brand.

Imasco sales increase, while earnings drop

MONTREAL — Imasco's net earnings decreased seven percent for the second quarter and 13 percent for the six months ended June 30.

Net earnings for the quarter dropped to $85.5 million (Canadian) from $92.0 million in the period last year. For the six months, net earnings were $137.4 million, versus $158.6 million.

Prior-year results include an after-tax contribution to earnings from Peoples Drug Stores, which was sold to CVS parent Melville Corp. last September.

Systemwide sales for the quarter were $4.1 billion, a four percent gain; revenues were $1.5 billion, up nine percent.

For the six months, systemwide sales were $7.5 billion, a four percent increase, and revenues were $2.6 billion, a five percent gain.

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Vol. 13, No. 15 Aug. 26, 1991

MARKET DIARY:

Largest Dollar Gainer	Carter-Wallace	$ 9.63
Largest Dollar Loser	Giant Food	$ – 4.38
Largest Percentage Gainer	Bolar Pharmaceutical	25.71%
Largest Percentage Loser	Giant Food	– 15.42%

Advances	38
Declines	18
Unchanged	1
New highs	12
New lows	0

	Close 7/23/91	Close 8/13/91	Net Change	Percent Change
Drug Store News Index	4112.89	4229.33	116.43	2.83
Dow Jones Industrial Average	2983.23	3008.72	25.49	0.85
Standard & Poor's 500-Stock Index	379.42	389.62	10.20	2.69
N.Y.S.E. Composite	208.22	213.36	5.14	2.47
Value Line Index	239.26	242.866	3.60	1.50

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 7/23/91	Closing Price 8/13/91	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	6.63	6.13	– 0.50	– 7.55	24	0.00	0.00	7.25	4.50
OTC	Arbor Drugs (H)	ARBR	19.00	19.75	0.75	3.95	23	0.12	0.61	21.25	8.88
OTC	Big B	BIGB	13.38	12.00	– 1.38	– 10.28	–	0.16	1.33	14.50	4.75
OTC	Drug Emporium	DEMP	7.75	7.50	– 0.25	– 3.23	17	0.12	1.60	9.63	6.63
NYS	Fay's Inc.	FAY	14.50	14.13	– 0.38	– 2.59	17	0.20	1.42	15.75	7.25
ASE	Genovese Drug (H)	GDX.A	11.88	12.75	0.88	7.37	16	0.24	1.88	12.75	5.00
NYS	Longs Drug Stores	LDG	40.00	40.25	0.25	0.63	14	1.08	2.68	44.38	30.88
OTC	Medicine Shoppe	MSII	21.00	20.25	– 0.75	– 3.57	16	0.32	1.58	28.75	15.50
NYS	Perry Drug	PDS	7.13	7.75	0.63	8.77	– 155	0.00	0.00	8.50	3.75
NYS	Rite Aid Corp.	RAD	20.38	23.13	2.75	13.50	17	0.48	2.08	23.88	14.75
NYS	Walgreen Co.	WAG	32.75	34.13	1.38	4.20	22	0.44	1.29	35.88	21.13
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	27.88	28.88	1.00	3.59	15	0.48	1.66	32.75	21.38
OTC	Bindley Western Ind.	BIND	15.00	14.38	– 0.63	– 4.17	13	0.04	0.28	18.13	8.63
OTC	Cardinal Distribution	CDIC	42.00	44.00	2.00	4.76	32	0.08	0.18	44.75	18.50
OTC	Durr-Fillauer	DUFM	26.25	30.50	4.25	16.19	21	0.28	0.92	34.75	16.00
NYS	McKesson Corp.	MCK	34.13	34.63	0.50	1.47	14	1.60	4.62	37.13	26.88
ASE	Moore Medical	MMD	6.75	6.13	– 0.63	– 9.26	– 88	0.00	0.00	9.25	3.50
NYS	Owens & Minor (H)	OMI	16.75	17.75	1.00	5.97	22	0.20	1.13	18.13	7.25
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	51.13	54.00	2.88	5.62	23	1.00	1.85	55.25	34.50
NYS	American Home Products	AHP	60.75	62.88	2.13	3.50	16	2.28	3.63	63.88	43.00
ASE	Barr Laboratories	BRL	21.25	20.88	– 0.38	– 1.76	44	0.00	0.00	23.38	5.38
NYS	Baxter International	BAX	33.25	35.38	2.13	6.39	18	0.72	2.04	37.13	21.50
OTC	Block Drugs Co.	BLOCA	54.50	54.00	– 0.50	– 0.92	18	0.80	1.48	57.50	29.63
ASE	Bolar Pharmaceutical	BLR	4.38	5.50	1.13	25.71	– 3	0.00	0.00	6.75	1.88
NYS	Bristol-Myers Squibb (H)	BMY	79.88	85.75	5.88	7.36	24	2.40	2.80	86.25	55.38
NYS	Carter-Wallace (H)	CAR	63.50	73.13	9.63	15.16	21	1.00	1.37	73.13	44.88
ASE	Columbia Labs	COB	6.75	7.00	0.25	3.70	– 5	0.00	0.00	9.75	3.63
ASE	Forest Labs (H)	FRX	39.75	40.50	0.75	1.89	42	0.00	0.00	43.63	19.00
ASE	Halsey Drug	HDG	5.00	5.13	0.13	2.50	23	0.00	0.00	5.94	2.13
NYS	ICN Pharmaceutical	ICN	7.00	6.38	– 0.63	– 8.93	– 7	0.00	0.00	8.00	2.50
ASE	Lee Pharmaceutical	LPH	1.00	0.94	– 0.06	– 6.20	– 1	0.00	0.00	2.25	0.88
ASE	Leiner P. Nutrition	PLI	10.88	10.75	– 0.13	– 1.15	10	0.00	0.00	13.38	6.75
NYS	Lilly Eli Co.	LLY	72.75	78.00	5.25	7.22	18	2.00	2.56	85.13	65.63
NYS	Marion Merrell Dow	MKC	36.50	34.88	– 1.63	– 4.45	18	0.92	2.64	39.63	29.50
NYS	Merck Co. (H)	MRK	120.25	127.00	6.75	5.61	25	2.52	1.98	129.75	72.38
NYS	Mylan Labs	MYL	24.63	25.88	1.25	5.08	28	0.20	0.77	28.00	13.75
NYS	Par Pharmaceutical	PRX	2.75	3.00	0.25	9.09	– 2	0.00	0.00	6.38	2.63
NYS	Pfizer Inc. (H)	PFE	58.63	65.13	6.50	11.09	26	1.32	2.03	65.50	32.25
NYS	Rhone-Poulenc Rorer (H)	RPR	41.63	45.88	4.25	10.21	20	0.44	0.96	46.00	28.63
NYS	Schering Plough	SGP	51.00	53.88	2.88	5.64	20	1.32	2.45	54.00	40.38
NYS	Syntex Corp. (H)	SYN	40.88	45.63	4.75	11.62	25	0.92	2.02	45.63	24.63
OTC	Taro-Vit Industries	TAROF	3.63	3.63	0.00	0.00	121	0.00	0.00	4.25	1.88
NYS	Upjohn Co.	UPJ	43.63	45.25	1.63	3.72	17	1.16	2.56	49.25	33.00
NYS	Warner-Lambert	WLA	67.75	69.50	1.75	2.58	18	1.76	2.53	82.25	56.50
OTC	Zenith Labs	ZENL	10.00	10.50	0.50	5.00	16	0.00	0.00	15.50	5.00
Other retailer transactions											
NYS	Albertson's	ABS	37.88	39.88	2.00	5.28	22	0.56	1.40	51.38	28.00
NYS	American Stores	ASC	40.00	41.00	1.00	2.50	15	0.56	1.37	46.19	21.31
NYS	Giant Food	GFS.A	28.38	24.00	– 4.38	– 15.42	12	0.64	2.67	31.25	21.13
NYS	Great Atlantic&Pacific Tea	GAP	41.13	40.25	– 0.88	– 2.13	11	0.80	1.99	57.75	37.75
NYS	Kmart	KM	47.88	44.88	– 3.00	– 6.27	12	1.76	3.92	49.50	23.38
NYS	Kroger	KR	19.13	18.25	– 0.88	– 4.58	14	0.00	0.00	24.50	10.63
NYS	Melville Corp.	MES	48.88	46.75	– 2.13	– 4.35	14	1.44	3.08	55.25	32.75
OTC	Fred Meyer	MEYR	20.75	21.50	0.75	3.61	15	0.00	0.00	22.25	10.00
NYS	Penney, JC	JCP	47.88	53.25	5.38	11.23	13	2.64	4.96	58.25	37.38
NYS	Safeway	SWY	18.25	18.88	0.63	3.42	18	0.00	0.00	21.63	10.25
NYS	Smith's Food & Drug	SFD	38.00	39.75	1.75	4.61	26	0.36	0.91	43.75	24.75
NYS	Wal-Mart (H)	WMT	46.00	49.88	3.88	8.42	40	0.16	0.32	49.88	24.88

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

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DRUG STORE NEWS

VOL. 1 NO. 8 | The Journal of Retail Pharmacy | AUGUST 26, 1991

for the PHARMACIST

NEWS FOCUS

- Look for FDA to shift at least four dozen prescription drugs to over-the-counter status over the next three years. A membership survey conducted for the FDA by the Nonprescription Drug Manufacturers Association indicates that industry firms will be submitting petitions for at least 48 prescription-to-OTC switches.

- Nationwide certification for pharmacy techs could come a step closer as a result of a new "task analysis" bankrolled by organized pharmacy. That analysis, sponsored by APhA, AACP, NABP and ASHP, is part of a broader two-year study to revalidate the Standards of Practice for the Pharmacy Profession. Besides facilitating "a voluntary certification program for pharmacy technicians," the analysis may lead to new duties for ancillary personnel.

FEATURES

6
New addition to a winning team

8
Execs tackle differential pricing

DEPARTMENTS

3 News and trends
6 Opinion
8 Exec comments
10 Statewire
13 Third-party news
16 New products
21 Drug watch
32 Independent focus
39 Merchandising report: laxatives
42 Analgesic planogram
44 Technician training
57 C.E.: Direct to Consumer Advertising

Techs: Boon or bane to busy pharmacists?

As counseling becomes a legal mandate as well as a professional touchstone, chains and independents are looking to technicians to perform more "counting and pouring and licking and sticking" tasks, to free up pharmacists to talk with patients. Despite resistance on safety, job security and other grounds, retail pharmacy technicians are gaining in recognition, both at the state level and behind the pharmacy counter.

For the Pharmacist *takes a look, beginning on page 23, at the status of retail pharmacy technicians today, in terms of state recognition, certification efforts and knowledge and task description.*

Technicians: Boon or bane to busy pharmacists?

By Susan Ball

In some states, the "T" word—as in pharmacy technician—doesn't officially exist.

In other states, pharmacy technicians, although they may be termed "ancillary" or "supportive" or "nonlicensed" personnel, are not only legally recognized, but tightly regulated as to what they can and cannot do.

One state, for example, may stipulate that techs can't take a drug off the pharmacy shelf, but can put it back, while another state allows techs to fill a prescription from shelf back to shelf, so to speak, as long as they're under a pharmacist's supervision. Some states specify a 1-to-1 tech-to-pharmacist ratio in retail settings and a 2-to-1 or 3-to-1 ratio for institutions such as hospitals, while others don't address ratios.

States split on recognition

A survey published in APhA's *American Pharmacy* in June, conducted by a group from the University of Tennessee College of Pharmacy, found that 25 states recognize pharmacy technicians by statute or regulation and 25 do not.

Whether techs are licensed, certified or registered also varies by state.

In summary, "It's a patchwork quilt of different regulations from state to state," said Mike Eaton, director of operations, Association of Pharmacy Technicians (APT).

But whereas even two or three years ago, the main issue was whether pharmacy technicians should be countenanced at all, the arena is shifting, with some vehement exceptions, toward not only tolerating techs behind the pharmacy counter, but lobbying for more of them, with expanded responsibilities.

The arena is shifting, with some vehement exceptions, toward not only tolerating techs behind the Rx counter, but lobbying for more of them, with expanded responsibilities.

As a pharmacist who once worked for a large drug chain put it, "Yeah, we had techs—we had to. We constantly begged for more!"

One force thrusting techs into the spotlight is the spread of mandatory consultation. In California, where mandatory counseling goes into effect Jan. 1, a bill to recognize pharmacy technicians is making its way through the Legislature, and among its proponents on record are Pay Less and Longs. Said John Young, vp-pharmacy services in charge of Pay Less' pharmacies in California, "If mandatory counseling goes into effect without pharmacy technicians, it would be a Catch 22 situation—the worst possible scenario."

Pharmacist shortage factor

Another impetus is the movement to make Pharm.D the entry level degree for pharmacists. "The use of pharmacy technicians will have to go up, in light of mandatory counseling and Pharm.D's impact on the pharmacist shortage," predicted a senior pharmacy executive at a large mass merchandise chain.

He added, "Technicians can relieve pharmacists of counting and pouring and licking and sticking—which isn't what they went to pharmacy school for—so pharmacists can do what they're supposed to do, which is counsel and supervise."

California's current legislative activity illustrates many of the crosscurrents surrounding pharmacy technicians. The state has tried before, unsuccessfully, to legislate the use of pharmacy techs, but those lobbying for the current bill are "cautiously optimistic" of its chances.

The bill, AB 1244, would permit the use of pharmacy technicians, with specified restrictions, to "perform packaging,

Continued on page 24

Technicians: Boon or bane?

Continued from page 23

manipulative, repetitive or other nondiscretionary tasks" under the direct supervision of a registered pharmacist. It calls for a 1-to-1 ratio in community pharmacies and a 2-to-1 ratio in in-patient settings. The proposed legislation requires the California Board of Pharmacy to approve training and certification programs and to register technicians.

Opponents of AB 1244 include some labor groups, such as the Guild for Professional Pharmacists, and some chapters of the California Pharmaceutical Association, including the Marin County chapter, although the association as a whole strongly supports the bill.

Some fears expressed

Some opponents fear that permitting use of retail pharmacy technicians will mean cuts in pharmacists' jobs or hours. Another argument is that safety will be jeopardized: "With the use of nonlicensed pharmacy personnel, all safeguards, except the final check, will be eliminated," the guild contends in its letter of opposition. The guild also argues that security of drugs will be weakened, exacerbating the problem of drug diversion in the state.

As to pharmacists losing jobs, Bob Marshall, California Pharmaceutical Association executive vp, asserted, "That hasn't happened in other states [where techs are used]." Nor has an increase in pharmacy performance errors been reported elsewhere, he said.

The California bill's fate is expected to be decided next month. Among other states in various stages of addressing pharmacy tech issues are: Arkansas (which currently recognizes hospital techs only), Alaska, Hawaii, Montana and Wyoming.

As pressures build to free up pharmacists from what some call "nonjudgmental" or "manipulative" tasks, several pharmacy organizations are beginning to take a closer look at pharmacy technicians.

What they see is a blur: no

Continued on page 26

Opponents fear technicians will cut pharmacists' jobs or hours. Another argument: safety will be jeopardized.

What impact have techs had on pharmacy operations?

	Percent
• Freed up our pharmacists so they can counsel patients more	83%
• Expedited sales transactions (faster in-and-out)	91
• Improved service by helping customers find a product or by answering customers' questions about OTCs, specials, etc.	74
• Helped alleviate the pharmacist shortage	9

Source: *Drug Store News* Pharmacy Tech Survey.

Chains train pharmacy techs in-house

(100 percent of respondents said their companies do the training)

In-house training is done	Percent
• On-the-job, by pharmacist the tech will be working with	78%
• In a formal training program	31
• Other	13
• N/A	9

Percentages add up to more than 100 percent because of multiple responses.
Source: *Drug Store News* Pharmacy Technician Survey.

States take action on voluntary certification

Michigan and Illinois already have voluntary certification processes in place and are beginning to franchise their programs to other states.

Michigan was the first state to establish a voluntary certification process, in 1981. Its patented Pharmacy Certified Technician (PCT) program consists of a manual and examination. The exam is designed to cover the body of knowledge needed by both community and hospital pharmacy technicians, said Lou Sesti, ceo, Michigan Pharmacists Association, which funded the program.

"Certification has helped people get jobs and get better salaries," Sesti said. "It's strictly a voluntary program to measure knowledge. Michigan has left it to the marketplace to determine what training should be required."

Since 1981, the test has been taken 3,604 times (some take it more than once), and the pass rate is about 50 percent. Sesti said those seeking certification are about evenly split between community and hospital technicians. The day-long exam was initially given once a year, but is now offered on two consecutive days twice a year, because of demand.

Other states interested

Iowa is working out a licensing agreement to use Michigan's PCT program, and Arizona has it under consideration, Sesti said. Michigan's manual will be supplemented with Iowa law, and the first exam will be offered next spring, an Iowa Pharmacy Association spokesman said.

"What I feel is that technicians will be getting recognition," said Ronda Chapman, a pharmacy technician in a Walgreens in Des Moines, who is on a committee preparing a brochure to inform pharmacists and techs about the program. "Also, it will help pharmacists know which technicians, who take the exam and become certified, know a little bit more about pharmacy."

Illinois' voluntary certification program was funded by the Illinois Council of Hospital Pharmacists (an affiliate of the American Society of Hospital Pharmacists), which "saw a need to recognize the knowledge base that working technicians already had," and weed out those with insufficient knowledge, said Jan Keresztes, a member of the council's certification task force and coordinator of the technician training program at South Suburban College, South Holland, Ill.

Advantages of certification

Keresztes ticked off some advantages certification affords technicians, including job security, higher salaries and more responsibility.

South Carolina is in the process of contracting for the Illinois voluntary certification program.

If Michigan and Illinois continue to franchise their voluntary certification programs to other states, either program might become the embryo of a model voluntary certification program to roll out nationwide. Thus, the goal the ASHP set in June could be on its way to attainment.

Technicians: Boon or bane to busy pharmacists?

Continued from page 24

common job title, no common baseline of knowledge or responsibilities and a patchwork of state regulations that give headaches to drug chains operating in several states.

Bringing some order

Efforts to bring some order to the crazyquilt center on at least three fronts: developing a benchmark of knowledge and skills that technicians should have, developing a certification model (which generally consists of an exam and manual) and pushing for formal recognition of pharmacy technicians in more states.

Increasingly, pharmacy organizations are working together, or at least communicating more, on such efforts.

The APhA, in cooperation with the American Association of Colleges of Pharmacy and the National Association of Boards of Pharmacy, just launched a two-year study to determine the scope of pharmacy practice. The study will include an analysis of pharmacy technician tasks, in cooperation with the American Society of Hospital Pharmacists.

The objective is to get a handle on the current functions, responsibilities and tasks of both pharmacists and pharmacy technicians, in order to update and clarify the knowledge and skills required to carry out their respective functions.

APhA's position on pharmacy techs, adopted in 1988, endorses the term pharmacy technician and their "appropriate use" in various types of pharmacy practice. "APhA also advocates that pharmacists maintain supervisory control of techs and determine how techs are used," added April Shaughnessy, APhA director of student affairs. The association opposes mandatory licensing, certification or registration of techs.

'Relax state laws'

Big B's vp-professional relations, Tim Burelle, who chaired the policy-making committee in 1988, told *Drug Store News*, "We need a study of technicians' responsibilities first; then maybe we could spell out training needs.

"I think technicians can handle many of the daily activities pharmacists must do," he said. "I would like to see state laws relaxed in a way that would maximize the use of technicians and provide better service to patients."

Burelle added, "I favor voluntary certification but am opposed to statutory registration or certification, because it's redundant to license another person, when the pharmacist has the final responsibility."

But a pharmacy executive at another chain said her company doesn't favor any type of certification. "The issue is strictly economic," the executive said. "It wouldn't be feasible to hire them."

Some groups see voluntary certification of technicians as a means of establishing a knowledge and skill baseline. APT's Eaton said his organization favors certification of individual technicians and accreditation of pharmacy technician training programs. Certification would be either through accredited courses, testing or a continuing education program, he said.

The American Society of Hospital Pharmacists, whose influential advocacy for hospital technicians has also advanced retail technicians' cause, adopted a policy in June resolving to work with other pharmacy organizations to develop a national certification process for pharmacy technicians.

Use of pharmacy technicians in chains is widespread

96%	of respondents employ pharmacy technicians
74%	of respondents use the job title "pharmacy technician." Other job titles: "pharmacy clerk" (9 percent) and "cashier," "pharmacy aide," "pharmacy secretary" and "pharmacy assistant" (4 percent).
75%	of techs at responding companies work full time.
1.44%	is the average number of techs per pharmacy at respondent companies.
65%	said the ratio of tech to pharmacist is 1-to-1; 9 percent said the ratio at their chain is 2-to-1; 9 percent said 1-to-2; 4 percent said 1-to-10 and 4 percent said 1.5-to-1; 9 percent said n/a.

Source: *Drug Store News* Pharmacy Technician Survey.

What retail pharmacy techs do

Tasks	% of chains checking these tasks
• Ordering, stocking, labeling medications, working at the computer (maintaining database, etc.)	96
• Answering phones, cashier duties, clerical tasks	83%
• Counting and pouring; assisting with preparations, under pharmacist supervision	83
• Managing all nonprofessional aspects of pharmacy dept.	31
• Other (explanations included calling and FAXing doctors' offices to refill approvals; third-party administration)	9

Most chains gave multiple answers.

Source: *Drug Store News* Pharmacy Technician Survey.

Chains give opinions on standardized training and certification

Should there be a standardized set of requirements for certification of all techs, nationwide?	
Yes	**17%**
No	**83%**
Should tech training be standardized by establishing an accreditation procedure at state (or national) level?	
Yes	**26%**
No	**74%**

Reasons for answering "no" to either of the above two questions:

- Our company can do a better job of training tec's to perform tasks tailored to our needs. **78%**
- Economic issues (for example, salaries commensurate with more extensive training would be too costly) **22%**

Source: *Drug Store News* Pharmacy Technician Survey.